St. Gabriel's Villa of Sudbury

Financial Statements

March 31, 2024

St. Gabriel's Villa of Sudbury
Contents
For the year ended March 31, 2024

Page

Independent Auditor's Report

Financial Statements

Statement of Financial Position *1*

Statement of Operations *2*

Statement of Changes in Net Assets *3*

Statement of Cash Flows *4*

Notes to the Financial Statements *5*

Independent Auditor's Report

To the Members of St. Gabriel's Villa of Sudbury:

Opinion

We have audited the financial statements of St. Gabriel's Villa of Sudbury (the "Villa"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Villa as at March 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Villa in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Villa's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Villa or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Villa's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Villa's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Villa's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Villa to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Sudbury, Ontario

June 19, 2024

St. Gabriel's Villa of Sudbury
Statement of Financial Position
As at March 31, 2024

	2024	2023
Assets		
Current		
Cash	**159,045**	121,878
Accounts receivable *(Note 3)*	**1,648,090**	699,498
Prepaid expenses	**109,282**	93,126
Inventory	**102,189**	116,803
Advances to related parties *(Note 4)*	**2,037,709**	1,885,971
	4,056,315	2,917,276
Tangible capital assets *(Note 5)*	**815,528**	743,841
Restricted cash *(Note 6)*	**22,248**	23,279
	4,894,091	3,684,396
Liabilities		
Current		
Accounts payable and accrued liabilities *(Note 8)*	**1,325,003**	1,517,551
Payable to the Ontario Ministry of Long-Term Care *(Note 9)*	**731,554**	508,485
Deferred contributions *(Note 10)*	**1,110,036**	444,897
Advances from related parties *(Note 4)*	**147,838**	520,935
Current portion of capital lease obligations *(Note 11)*	**56,646**	54,045
	3,371,077	3,045,913
Capital lease obligations *(Note 11)*	**119,100**	178,699
Deferred contributions related to tangible capital assets *(Note 12)*	**355,137**	147,603
Funds held in trust for residents *(Note 6)*	**22,248**	21,062
	3,867,562	3,393,277
Contingencies *(Note 13)*		
Net Assets		
Unrestricted	**316,245**	(498,014)
Invested in tangible capital assets	**284,645**	363,494
Internally restricted	**425,639**	425,639
	1,026,529	291,119
	4,894,091	3,684,396

Approved on behalf of the Board

Catherine Hunault

Director

The accompanying notes are an integral part of these financial statements

St. Gabriel's Villa of Sudbury
Statement of Operations
For the year ended March 31, 2024

	2024	2023
Revenue		
Ontario Ministry of Long-Term Care	**10,696,358**	9,531,362
Resident fees	**3,580,164**	3,448,331
Other	**104,555**	97,824
Amortization of deferred tangible capital contributions *(Note 12)*	**30,653**	15,695
	14,411,730	13,093,212
Expenses		
Nursing and administration *(Note 4), (Note 14)*	**7,514,000**	7,625,588
Food services *(Note 4)*	**1,510,162**	1,392,157
Administrative	**1,080,396**	973,868
Programs	**794,871**	817,281
Rent *(Note 4)*	**739,440**	739,440
Plant maintenance	**567,917**	595,283
Plant operations and communications	**443,323**	410,336
Housekeeping	**375,760**	338,843
Laundry and linen	**264,791**	221,809
Information systems	**201,618**	198,508
Amortization	**82,381**	64,397
Health records	**73,834**	74,328
Bad debts	**27,827**	-
	13,676,320	13,451,838
Excess (deficiency) of revenue over expenses before other items	**735,410**	(358,626)
Other items		
Bill 124 Reopener salaries, wages and benefits	**-**	(337,047)
Excess (deficiency) of revenue over expenses	**735,410**	(695,673)

The accompanying notes are an integral part of these financial statements

St. Gabriel's Villa of Sudbury
Statement of Changes in Net Assets
For the year ended March 31, 2024

	Unrestricted	*Invested in Tangible Capital Assets*	*Internally Restricted*	*2024*	*2023*
Net assets, beginning of year	**(498,014)**	**363,494**	**425,639**	**291,119**	986,792
Excess (deficiency) of revenue over expenses	**787,138**	**(51,728)**	**-**	**735,410**	(695,673)
Interfund transfers	**27,121**	**(27,121)**	**-**	**-**	-
Net assets, end of year	**316,245**	**284,645**	**425,639**	**1,026,529**	291,119

The accompanying notes are an integral part of these financial statements

St. Gabriel's Villa of Sudbury
Statement of Cash Flows
For the year ended March 31, 2024

	2024	2023
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	**735,410**	(695,673)
Amortization of tangible capital assets	**82,381**	64,397
Amortization of deferred tangible capital contributions	**(30,653)**	(15,695)
	787,138	(646,971)
Changes in working capital accounts		
Accounts receivable	**(948,592)**	(409,694)
Inventory	**14,614**	5,655
Prepaid expenses	**(16,156)**	(36,091)
Accounts payable and accrued liabilities	**(192,548)**	455,581
Deferred contributions	**665,139**	258,176
Payable to the Ontario Ministry of Long-Term Care	**223,069**	276,197
Funds held in trust for residents	**1,186**	1,906
	533,850	(95,241)
Financing		
Repayments of advances from related parties	**(373,097)**	(62,195)
Repayments of capital lease obligations	**(56,998)**	(52,249)
Deferred tangible capital contributions received	**238,187**	84,824
	(191,908)	(29,620)
Investing		
Repayment of advances to related parties	**-**	441,175
Purchase of tangible capital assets	**(154,068)**	(234,446)
Advances to related parties	**(151,738)**	-
	(305,806)	206,729
Increase in cash resources	**36,136**	81,868
Cash resources, beginning of year	**145,157**	63,289
Cash resources, end of year	**181,293**	145,157
Cash resources are composed of:		
Cash	**159,045**	121,878
Restricted cash	**22,248**	23,279
	181,293	145,157

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

St. Gabriel's Villa of Sudbury (the "Villa") was incorporated, without share capital, under the laws of Ontario on January 22, 2010 and commenced operations in March 2011. It operates a long-term care facility in the City of Greater Sudbury, Ontario. The Villa is a not-for-profit organization and is exempt from tax under the Income Tax Act (Canada) and is sponsored by the Catholic Health Sponsors of Ontario

The St. Joseph's Health Centre of Sudbury (the "Health Centre") owns the operating license and facilities in which the Villa operates. The Villa is responsible for the management of the facilities on behalf of the Health Centre.

2. Significant accounting policies

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

Revenue recognition

The Villa follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

The Villa is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Long-Term Care/Ontario Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Contributions restricted for the purchase of tangible capital assets are deferred and amortized into revenue on the straight-line basis at rates corresponding to those of the related tangible capital assets.

Revenue from insurance plans and accommodation services are recognized when the service is provided.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the weighted average method. Inventory consists of food, medical and general supplies that are used in the Villa's operations and not for resale purposes.

Tangible capital assets

Purchased tangible capital assets are recorded at cost.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

Amortization is taken at 50% of the above rates in the year of acquisition and no amortization is recorded in the year of disposal.

	Rate
Computer software	5 years
Equipment	5 to 15 years
Furniture	20 years
Leasehold improvements	10 years
Equipment under capital lease	15 years

2. Significant accounting policies *(Continued from previous page)*

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Villa writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Villa's ability to provide goods and services. The assets are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Villa determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

Deferred contributions related to tangible capital assets

Deferred contributions related to tangible capital assets represent the unamortized portion of restricted contributions that were used to purchase the Villa's equipment, computer equipment and leasehold improvements. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

Internally restricted net assets

Restricted net assets represent amounts internally restricted for unforeseen expenses, as per the Board's capital reserve policy.

Employee future benefits

The Villa's employee future benefit programs consists of a multi-employer defined benefit plan and a defined contribution plan. The Villa is an employer member of the Healthcare of Ontario Pension Plan ("HOOPP"), which is a multi-employer, defined benefit pension plan. The Villa has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. The Villa's contributions to these plans are expensed as incurred.

Contributed services

A substantial number of volunteers contribute a significant amount of their time to the Villa during the year. Because of the difficulty of determining the fair value, contributed services are not recognized in these financial statements.

Financial instruments

The Villa recognizes financial instruments when the Villa becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Villa may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Villa has not made such an election during the year.

The Villa subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Villa's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenues over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

2. Significant accounting policies *(Continued from previous page)*

Financial instruments *(Continued from previous page)*

Related party financial instruments

The Villa initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value:

- Investments in equity instruments quoted in an active market
- Debt instruments quoted in an active market
- Debt instruments when the inputs significant to the determination of its fair value are observable (directly or indirectly)
- Derivative contracts.

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received.

At initial recognition, the Villa may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Villa has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

The Villa subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Financial instruments that were initially measured at cost and derivatives that are linked to, and must be settled by, delivery of unquoted equity instruments of another entity, are subsequently measured using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess of revenues over expenses.

Financial asset impairment

The Villa assesses impairment of all its financial assets measured at cost or amortized cost. The Villa groups assets for impairment testing when no asset is individually significant. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; etc. in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Villa determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Villa reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Villa reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Villa reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

2. Significant accounting policies *(Continued from previous page)*

Financial instruments *(Continued from previous page)*

The Villa reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenues over expenses in the year the reversal occurs.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets. Accrued liabilities are estimated based on anticipated charges for unbilled goods and services at year-end.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

Leases

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized on a declining balance basis, over their estimated useful lives estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

An arrangement contains a lease where the arrangement conveys a right to use the underlying tangible asset, and whereby its fulfillment is dependent on the use of the specific tangible asset. After the inception of the arrangement, a reassessment of whether the arrangement contains a lease is made only in the event that:

- there is a change in contractual terms;
- a renewal option is exercised or an extension is agreed upon by the parties to the arrangement;
- there is a change in the determination of whether the fulfillment of the arrangement is dependent on the use of the specific tangible asset; or
- there is a substantial physical change to the specified tangible asset.

3. Accounts receivable

	2024	*2023*
Ontario Ministry of Long-Term Care	**1,512,125**	397,880
Harmonized Sales Tax	**110,343**	149,415
Residents	**13,799**	22,227
Other	**11,823**	129,976
	1,648,090	699,498

4. Related party transactions

The Villa is related to St. Joseph's Health Centre of Sudbury ("Health Centre"), St. Joseph's Villa of Sudbury Inc. ("SJV") and St. Joseph's Continuing Care Centre by virtue of common board members. The Villa is related to St. Joseph's Foundation of Sudbury by virtue of common purpose.

An agreement exists between the Health Centre and the Villa that states that the Villa will pay rent in the amount equal to the mortgage payments (principal and interest) and property taxes paid by the Health Centre for the facilities in which the Villa operates. The rent for the year was $739,440 (2023 - $739,440).

The Villa provides food services to SJCCC. The amount of food services for the year was $715,333 (2023 - $664,759).

The Health Centre has recovered amounts from the Villa for salaries incurred on behalf of the organization. The amount recovered for the year was $2,303,199 (2023 - $2,402,139).

These transactions have been measured and recorded in the accompanying financial statements at the exchange amount which is the amount of consideration established and agreed to by the management of the related parties.

	2024	*2023*
Advances to related parties		
St. Joseph's Health Centre of Sudbury	**1,908,942**	1,407,074
St. Joseph's Continuing Care Centre of Sudbury	**128,767**	474,491
St. Joseph's Villa of Sudbury	**-**	4,406
	2,037,709	1,885,971
Advances from related parties		
St. Joseph's Continuing Care Centre of Sudbury	**22,044**	520,935
St. Joseph's Villa of Sudbury	**125,794**	-
	147,838	520,935

The advances to/from related parties are unsecured, non-interest bearing with no specified terms of repayment

5. Tangible capital assets

	Cost	***Accumulated amortization***	***2024 Net book value***	*2023 Net book value*
Computer software	**150,248**	**97,423**	**52,825**	72,265
Equipment	**428,258**	**237,191**	**191,067**	277,091
Furniture	**7,824**	**4,123**	**3,701**	4,092
Leasehold improvements	**450,623**	**161,431**	**289,192**	105,400
	1,036,953	**500,168**	**536,785**	458,848
Assets under capital lease				
Equipment under capital lease	**288,355**	**9,612**	**278,743**	284,993
	1,325,308	**509,780**	**815,528**	743,841

During the year, tangible capital assets were acquired at an aggregate cost of $154,068 (2023 - $519,439) of which $nil (2023 - $519,439) were acquired by means of capital leases.

6. Restricted cash

The restricted cash represents funds held in trust for residents for small purchases made by them throughout the year.

7. Bank indebtedness

The Villa has an overdraft lending agreement facility with the Desjardins Ontario Credit Union to a maximum of $200,000 with interest charged at the bank's prime lending rate. The overdraft facility has been guaranteed by St. Joseph's Health Centre of Sudbury. At March 31, 2024, $nil was drawn on this facility (2023 - $nil).

8. Accounts payable and accrued liabilities

	2024	*2023*
Trade payables	**455,647**	570,567
Government remittances	**208,595**	144,448
Bill 124 wage accrual	**-**	337,047
Accrued liabilities and other	**660,761**	465,489
	1,325,003	1,517,551

9. Payable to the Ontario Ministry of Long-Term Care

The amounts payable to the Ontario Ministry of Long-Term Care (The “Ministry”) are as follows:

	2024	*2023*
Prevention and Containment	**232,924**	232,924
Resident Co-Payment Reduction	**498,630**	275,561
	731,554	508,485

The Resident Co-Payment Reduction represents the amount payable to the Ministry for the excess of resident fees over the amount estimated by the Ministry based on the Northern Regional Average per diem.

10. Deferred contributions

	2024	*2023*
COVID-19 PSW Wage Enhancement	**437,428**	249,385
Elderly Capital Assistance Program (ELDCAP)	**325,504**	-
Local Priority Funding	**83,652**	-
COVID-19 Infection Prevention and Containment	**82,815**	82,815
IPAC Training and Education	**74,650**	42,602
Temporary Retention Incentive	**36,001**	36,001
Medication Safety Technology	**46,617**	28,320
IPAC Lead	**14,748**	-
Clinical Decision Support Tools	**4,606**	4,606
Bladder Scanner Funding	**2,846**	-
Resident Health and Well-being	**1,169**	1,168
	1,110,036	444,897

11. Capital lease obligations

	2024	*2023*
Capital lease obligation, repayable in monthly installments of $5,138 including interest at 4.71%, due April 2027, secured by equipment under capital lease with a carrying value of $278,743 (2023 - $284,993).	**175,746**	232,744
Less: Current portion	**56,646**	54,045
	119,100	178,699

Future minimum lease payments related to the obligations under capital lease are as follows:

2026	64,080
2027	64,080
2028	64,080
2029	5,340
	197,580
Less: imputed interest	(21,724)
	175,856
Less: current portion	(56,646)
	119,210

12. Deferred contributions related to tangible capital assets

Deferred tangible capital contributions consist of the unamortized amount of contributions received for the purchase of tangible capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

	2024	*2023*
Balance, beginning of year	**147,603**	78,474
Amount received during the year	**238,187**	84,824
Less: Amounts recognized as revenue during the year	**(30,653)**	(15,695)
Balance, end of year	**355,137**	147,603

13. Contingencies

The Villa has entered in accountable contribution agreements with the Ministry. The programs are subject to audit by the Ministry and should these audits result in recoveries of contributions, the amount of these recoveries would be charged to the Villa in the period in which they are determined.

The Villa will be required to submit a Long-Term Care Facility Annual Report to the Ontario Ministry of Long-Term Care. Annual reconciliations are completed on a calendar basis. Accordingly, at March 31, 2024, management has estimated an amount payable to the Ministry (see note 9).

14. Pension plan

Multi-employer pension plan

Some employees of the Villa are eligible to be members of the Healthcare of Ontario Pension Plan, which is a multi-employer defined benefit plan. Employer contributions made to the plan during the year by the Villa amounted to $62,984 (2023 - $54,670). These amounts are included in nursing and administration in the statement of operations. The most recent valuation for financial reporting purposes completed by HOOPP as of December 31, 2023 disclosed net assets available for benefits of $112.6 billion with a pension obligation of $102.4 billion resulting in a surplus of $10 billion.

Defined contribution pension plan

The Villa has a defined contribution plan for some if its staff. Members are required to contribute 3% of their salary which is matched by the Villa. The amount of retirement benefit to be received by the employees will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the members retirement. The Villa contributed $91,819 (2023 - $65,574) to the plan.

15. Financial instruments

The Villa, as part of its operations, carries a number of financial instruments. It is management's opinion that the Villa is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the Villa has interest rate exposure on its bank indebtedness which are variable based on the bank prime rates, and fluctuate over time due to a variety of financial market factors. The Villa is exposed to interest rate risk with respect to the use of the overdraft facility which includes variable interest rate terms. This exposure may have an effect on interest expense and associated cash flows and its earnings in future periods.

Liquidity risk

Liquidity risk is the risk that the Villa will encounter difficulty in meeting obligations associated with financial liabilities. The Villa is exposed to this risk associated with its accounts payable and accrued liabilities, payable to the Ministry of Long-Term Care and capital lease obligation balances.

The Villa reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due, maintains adequate cash resources and arrangements to repay creditors as required and through management's on-going budgeting and program financial monitoring processes.

Credit Risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Villa is exposed to credit risk with respect to cash, accounts receivable, and advances to related parties.

The Villa minimizes risk associated with its cash balances by ensuring these financial assets are placed with large reputable financial institutions with high credit ratings.

The Villa incurs receivable transactions in the normal course of operations and is exposed to credit risk associated with its accounts receivable balances. The Villa manages this risk exposure through management’s on-going monitoring of accounts receivable balances and collections. The Villa measures its exposure to credit risk with respect to accounts receivable based on how long the amounts have been outstanding and management’s analysis of accounts.